**HENDERSUN INTEREST GROUP AGREEMENT**

WHEREAS, HenderSun Energy LLC (HenderSun) has proposed a HenderSun Generation facility (“Project”) that has the potential to provide cost-effective capacity and energy to the bulk transmission system, and

WHEREAS, the development of the Project will require revenue certainty to achieve commercial financing for the Project, and

WHEREAS, the Project has been substantially permitted, but HenderSun must obtain financing prior to beginning detailed engineering and construction;

WHEREAS, a number of municipal and cooperative electric utility entities (collectively “Interest Group”) have expressed interest and have the ability to enter into an agreement for the purchase of energy and capacity for a term of years that could provide revenue certainty to the HenderSun Generation facility, and

WHEREAS, mutual advantage may be obtained by the Interest Group from the coordinated planning and negotiating with HenderSun for their individual or joint purchases, sales and exchanges of electric power and related resources; and

WHEREAS, additional mutual advantage may be obtained by the Interest Group members from offering sufficient revenue certainty to the developers of the Project; and

WHEREAS, additional mutual advantage may be obtained by the Interest Group from cooperatively negotiating natural gas pipeline capacity, natural gas storage, natural gas transportation, natural gas commodity hedging and natural gas purchasing; and

WHEREAS, achieving the mutual advantages for the Interest Group will require the funding of certain activities for the development of mutually acceptable terms and conditions associated with the purchase of energy and capacity from the Project.

NOW, THEREFORE, this HenderSun Interest Group Agreement (the "Agreement") is entered into this day of , 2016, by the members of the Interest Group pursuant the respective legal authority granted to the governing body of each participant on the following terms and conditions:

**ARTICLE I**

**ESTABLISHMENT OF THE HENDERSUN INTEREST GROUP**

**Section 1. Establishment of the HenderSun Interest Group.** An unincorporated association for the purposes and objectives hereinafter set forth, is hereby created and to be known as the HenderSun Interest Group (herein referred to as the "HIG" or “Interest Group”). The undersigned parties and any other public power or electric cooperative entity that may be admitted as a party to this Agreement in accordance with the provisions of Section 7 of Article V hereof shall be known as the "Members" of the HIG.

**Section 2. Location.** To the extent deemed necessary, the Members of HIG shall designate a location for HIG which shall be the office of one of the Members. The Members of HIG may change the location of the principal office and/or establish such other offices as it deems appropriate.

**ARTICLE II**

**PURPOSES AND POWERS OF THE HENDERSUN INTEREST GROUP**

**Section 1. Purpose of the HenderSun Interest Group.** The group is formed to allow the Members to effectively collaborate to facilitate the development of the Project, to develop proposed terms and conditions for the purchase of electric energy and capacity from the Project, to explore opportunities for the cooperative procurement by Members of natural gas, natural gas transportation, natural gas storage and natural gas scheduling services for the Project, and, if so requested by one or more Members, to evaluate alternatives for the scheduling and tagging of electric energy and capacity from the Project.

**Section 2. The Objectives of the HIG.** In order to carry out the purposes of the HIG set forth herein, the HIG shall have the following objectives:

(a) to negotiate a uniform potential power purchase agreement for capacity and energy from the Project;

(b) to develop a means of assessing fees to the Members to fund the activities of the HIG;

(c) to cooperate with other persons or other entities, public or private, regarding the development of the Project and potential fuel supply arrangements for the Project;

(d) to receive, hold, and use funds received from the Members, or otherwise, for the objectives of HIG; and

(e) to undertake or participate in any other lawful activity unanimously approved by the Members.

**Section 3. Membership.** Each Member shall designate one person to serve as its voting representative and so advise the Chairperson who will communicate that designation to all the Members. A Member may replace its voting representative with another designated person, upon providing written notification to the Chairperson and the Members. The Chairperson will keep the official list of the voting representative and email address of each Member and will make it available to any Member upon request.

**ARTICLE III**

**Participation and Contribution Share Determination**

**Section 1. Initial Participation Level.** Each Member shall designate its initial projected minimum and maximum Megawatt capacity interest for each of the first 10 years of operation of the Project, assuming a commercial operation date of January 1, 2020. The average of the yearly minimum and maximum designated capacity interests of each Member (“Average Member Projection”) will be used to determine the allocation of HIG costs among its Members.

**Section 2. Cost Allocation Methodology.** HIG costs shall be allocated among the Members pursuant to the following formula:

Where:

MCi = Member i share (%)

AMPi = Average Member i Projection in each year (y)

APCM = Average Projected Capacity for all Members

The Chairperson of HIG will administer the cost allocation methodology and will use it to calculate and assess the cash contribution obligation of each Member for costs approved pursuant to Article III, Section 4 below.

**Section 3. Meetings.** The Members shall meet periodically and at least annually to discuss their interests and to conduct the business of the HIG at a place determined by a simple majority of the Members. A minimum of five business days advance notice of any meeting shall be provided to each Member, unless waived by all Members.

**Section 4. Quorum and Voting.** A quorum exists at any meeting of the Members where at least a majority of the Members are present, either in person or via teleconference. If a quorum exists, a majority vote of the Members present shall be necessary to take any action. Members may participate in HIG meetings by telephone conference call, web conference call, or video conferencing and will be deemed present at the meeting through such participation. Approval of any activity of the HIG for which costs will be assessed to the Members must be unanimously approved by all Members. A notice of any meeting at which a vote on any activity of the HIG for which costs will be assessed to the Members shall include sufficient detail regarding the scope and the estimated costs to be incurred by the Members for the activity. Members not present at a meeting may indicate their respective approvals or disapprovals by email or otherwise in writing to the other Members.

**Section 5. Chairperson.** The voting representatives of the Members will elect a Chairperson who will be responsible for coordinating all meetings; establishing agendas; processing and paying invoices from contractors, suppliers, consultants, legal counsel, etc.; maintaining accounting records of all HIG transactions; administering the assessment and collection of costs allocated to the Members; and such other duties as are delegated by the Members to the Chairperson.

**Section 6. Termination of Membership.** Any Member may terminate its Membership in HIG at any time by providing email or other written notice to the other Members. A Member’s participation in HIG may also be terminated upon a vote of a majority of the Members after notice of a meeting to be held for that purpose. A terminating or terminated Member will be responsible for its allocated share of all HIG costs approved by all Members and incurred prior to its termination and shall be entitled to a prompt refund of any amounts it may have paid to HIG pursuant to one or more assessments that collectively were premised upon a higher level of total HIG costs than the total level approved by the Members as of the time of its termination notice.

**ARTICLE IV**

**CASH CONTRIBUTIONS AND HIG ACCOUNT**

The Chairperson shall establish a separate bank account at a bank approved by the Members into which cash contributions received from Members pursuant to Article III shall be deposited and from which authorized HIG expenditures shall be paid. The Chairperson will administer the HIG bank account and will keep records of all HIG transactions, as well as the cumulative contributions made by each Member. The Chairperson will make all HIG records available to any Member upon request.

**ARTICLE V**

**MISCELLANEOUS PROVISIONS**

**Section 1. Term.** This Agreement shall commence on the date entered above and shall continue until terminated as provided in Section 2 of this Article V, provided that all of HIG’s liabilities shall have been satisfied or adequate provision for such satisfaction shall have been made in accordance with the instruments governing such HIG obligations.

**Section 2. Dissolution of HIG.** This Agreement shall continue in full force and effect until the Members terminate this Agreement in accordance with this Section 2. Any such termination of this Agreement shall constitute a dissolution of HIG. Termination of this Agreement may be accomplished by a vote of the Members or by a writing or writings executed by each Member evidencing a desire to terminate this Agreement. In no event shall this Agreement be terminated until the obligations of each Member to HIG has been satisfied, released or adequately provided for.

**Section 3. Confidentiality.** In connection with activities of HIG, Members may acquire proprietary data and other confidential information of other Members with respect to operations, contracts, customers, and business relationships, including, without limitation, financial data, trade secrets concerning the business and affairs of Members, processes, pricing, business plans, databases, know-how and other confidential material. Further, HIG may from time to time engage legal counsel to provide advice on particular legal matters to the association, and it is critical that attorney-client communications and attorney work product be maintained as privileged and confidential. All such information described herein is collectively referred to as Confidential Information. Except as otherwise required by law, each Member shall not, and shall ensure that such Member’s representatives do not: (i) without the prior written consent of HIG by unanimous vote of the Members, directly or indirectly communicate or divulge to any person that is not a Member, or use for said Member’s own benefit or the benefit of any other individual, entity, firm or association, any Confidential Information created by HIG itself, or (ii) without the prior written consent of the disclosing Member, directly or indirectly communicate or divulge to any person that is not a Member, or use for said Member’s (other than the disclosing Member) own benefit or the benefit of any other individual, entity, firm or association, any Confidential Information disclosed by the disclosing Member to HIG or to an HIG Member. HIG or any Member shall be entitled to injunctive relief, in addition to any other legal remedy, for the violation of this provision by any person. Each Member’s obligations under this Section shall survive the termination of this Agreement.

**Section 4. Liability.** The Chairperson shall have no liability to the Members for any act or omission taken in good faith in his or her capacity as Chairperson, but liability shall attach for willful misconduct.

**Section 5. Effective Date.** This Agreement shall be effective as to each Member immediately at such time that it is executed by a duly authorized representative of such Member.

**Section 6. Representations.** No representation of a position of HIG on any issue shall be made by the Chairman, or any Member, unless authorized by the Members.

**Section 7. New Members.** The Members may permit any entity operating or providing power to a municipal electric system or electric cooperative within or without the Commonwealth of Kentucky to become a party to this Agreement; provided, however, that no such entity shall become a party hereto until (i) its admission is approved at a regular or special meeting of the Members and (ii) such entity agrees to the conditions precedent to its Membership as determined by the Members and this Agreement; such conditions precedent to include, but not be limited to, payment to the HIG by the new party to this Agreement of an amount equal to an allocable share of all prior cost allocation payments made by the Members using the cost allocation methodology of Article III, Section 2 to reflect the new Member becoming a party to this Agreement, with said payment to the HIG to be used for reimbursement to the existing Members of their respective allocable shares of prior cost allocation payments.

**Section 8. Duplicate Originals.** This Agreement may be executed in several counterparts, each of which will be an original but all of which together shall constitute one and the same instrument.

**Section 9. Severability.** In the event that any of the terms, covenants or conditions of this Agreement or their application shall be held invalid as to any person, entity or circumstances by any court having jurisdiction, the remainder of this Agreement and the application and effect of its terms, covenants or conditions to such persons, corporations or circumstances shall not be affected thereby.

**Section 10. Governing Law**. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Kentucky.

*[Remainder of Page Intentionally Left Blank - Signature Pages Follow]*

Signature Page

Company Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Witness: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_